



Annual Report to the Shareholders for 1964

*Taken over, 1972, by Mid Industries and
Explorations Ltd*

FIVE WHEELS LIMITED

FIVE WHEELS LIMITED

CAPITALIZATION

AUTHORIZED 1,500,000 Shares
ISSUED 800,000 Shares

OFFICERS AND DIRECTORS

ALBERT A. SHELMAN, President, Director
MAXWELL S. KING, Vice-President and General Manager, Director
W. R. SALTER, Q.C., Secretary, Director
L. ROUX, Controller
MAXWELL NATHANSON, Director
THEODORE D. RICHMOND, Director
JACK TRAMIEL, Director

TRANSFER AGENTS

CROWN TRUST COMPANY, 302 Bay Street, Toronto, Ontario

SOLICITORS

SALTER, REILLY, JAMIESON AND APPLE,
302 Bay Street, Toronto, Ontario

CO-AUDITORS

E. M. SPRACKMAN, SIDERSON AND COMPANY,
Chartered Accountants
PERLMUTTER, ORENSTEIN, GIDDENS, NEWMAN AND KOFMAN,
Chartered Accountants

HEAD OFFICE

154 VAUGHAN ROAD
TORONTO, ONTARIO



FIVE WHEELS LIMITED

154 VAUGHAN ROAD • TORONTO 10 • CANADA • TELEPHONE: 787-6116

ALBERT A. SHELMAN
PRESIDENT

MAXWELL S. KING
VICE-PRESIDENT

INTERIM PROGRESS REPORT TO THE SHAREHOLDERS

A review of operations for the first six months of 1964.

It is with considerable gratification that I am able to report that your Company's progress in the first half of this year was substantially better than for any comparable period in our twelve years of existence. The rate of growth achieved from Jan. 1 to June 30 is continuing through the third quarter and we have every reason to believe it will be maintained to the end of the year and beyond. Shareholders may look forward to a record year, not only in terms of income but in what I consider at this stage of our development to be of even more importance — the solid expansion of Five Wheels Limited into one of Canada's leading coast-to-coast car leasing and rental organizations. And adding to this will be the large volume of business we expect to generate through our new Sales and Service Centre on Grand Bahama Island, which is scheduled to open before the end of the year. Here, in summary, is how matters stand at this point:

- * Consolidated revenue from rental of motor vehicles in the first half of the year increased by 50 per cent over last year's first half.
- * The number of motor vehicles now in our leasing division has increased to about 1000, representing a fleet value in excess of \$2,500,000.
- * Leaside Car Rentals, in the Metro Toronto area, was acquired in May as a new wholly-owned subsidiary. It is already showing a profit.
- * Your Company now operates self drive car rental divisions in Toronto, Vancouver and Saskatoon (as distinct from our leasing operations). Before the end of the year it's expected that additional rental (and leasing) outlets will be opened in several other centres. Our national chain of leasing and rental offices now includes seven cities from coast to coast.
- * Your Company is currently negotiating with a major national gas and oil company to establish many of its service stations as Five Wheels Rent-A-Car agencies. This could open up hundreds of new outlets in key areas right across Canada.
- * Five Wheels of Grand Bahama Limited has been formed and will open its modern new Sales and Service Centre on December 12. This company, under the direction of Mr. Robert Geddes, is already doing business. As previously reported, we will have the exclusive distributorship for practically all General Motors products; but other lines will also be carried. (Right now this division is doing a brisk business in the sale of Vornado auto air conditioning units.) The new building and outside areas which are located on a 3½ acre site on Governor's Road in the centre of Freeport, will occupy 150,000 square feet of showroom, warehousing and outside service facilities.

I am confident on the strength of preliminary figures for the third quarter that there will be further improvement in revenue for the second half and our year-end statement should be highly satisfactory to shareholders.

Working capital showed a slight increase to \$212,575 at June 30. Before the end of the year we expect to receive a payment due on the sale of your Company's interest in the marina under construction in the Freeport area of Grand Bahama. This will add further to working capital.

In conclusion, let me say that at the beginning of the year, your Board of Directors set a target of \$1,200,000 in rental revenue for this year. It looks as though we will exceed this figure by a sizeable margin by December 31. This is an opportunity for every shareholder to make a real contribution — both by promoting Five Wheels' leasing and rental services among your friends and business associates, and by taking advantage of these services yourself. Any time you want proof that our leasing plan can save you money, just let me know. Or drop in and discuss it, and at the same time, see how busy your company really is!

*Respectfully submitted on behalf of the
Board of Directors,*

ALBERT SHELMAN
PRESIDENT.

September 30, 1964.



FOR: Five Wheels of Grand Bahama Ltd.
Box 555,
Freeport, Grand Bahama Island,
Bahamas.
Phone - 5994

Five Wheels Limited,
154 Vaughan Road,
Toronto, Ontario.
Phone - 787-6116

file

December 8, 1964.

NEWS RELEASE

FROM: TRANS-CANADA CONSULTANTS LTD., 170 BAY ST., TORONTO EM. 3-0471

FREEPORT, GRAND BAHAMA, Tuesday, December 8, 1964

A Canadian automobile leasing company has scored a big jump on its American competitors right in their own backyards by opening up a spacious General Motors sales, service, auto and truck rental centre to serve this spectacular new resort island, 81 miles off the coast of Florida.

Five Wheels Limited of Toronto, Canada's only independent, publicly-owned national car leasing firm, expects to do \$3,000,000 in sales during 1965, when its 3½ acre, 150,000 square feet of showroom, warehousing and outside service facilities, located on the main intersection of Government Road in the heart of Freeport, opens on Saturday, December 12, at 3 pm.

Wallace Groves, president of the Grand Bahama Port Authority, will officiate at the opening.

Albert Shelman, president and chief executive officer of Five Wheels Ltd. and Maxwell S. King, vice-president and general manager will represent the Canadian company. Frank J. Weisse, managing director, Foreign Distributors Division, General Motors Corporation and Keith Gonsalves, president of Grand Bahama Development Co. and executive vice-president of Grand Bahama Port Authority will also be in attendance.

The new sales and service centre, operated through Five Wheels of Grand Bahama Limited, a wholly-owned subsidiary of Five Wheels Limited, the parent firm in Canada, will have the exclusive General Motors distributorships for Cadillac, Oldsmobile, Buick, Pontiac, Acadian, Vauxhall and Opel cars; G.M.C. trucks, Bedford trucks and vans; all G.M. parts and accessories; household and commercial Frigidaire products, including air-conditioners; G.M. diesel, marine and stationary engines.

In addition, distributorships have also been obtained for Champion aircraft, Emerson radio and Dumont television, Vornado automobile air-conditioners and Outboard Marine products.

The Grand Bahama operation which will service a 214 square mile area which is presently in the middle of a housing, industrial and tourist boom, is headed by Robert Geddes, well known in the automotive field because of his association

with General Motors products in Ontario for the past 15 years.

Five Wheels Limited, which pioneered the now rapidly expanding car leasing business in Canada, having started eleven years ago, recently sold its marina project, adjacent to the magnificent Lucayan Beach Hotel for \$300,000 (U.S.) plus 3% royalty on the gross sales of the marina.

With a record influx of tourists expected this year on the island, which is only 30 minutes from Florida by air, Freeport is considered the fastest growing island city in the world. More than 60 miles of hard-surfaced roads have been built. From Freeport City, the hub and shopping area of the community, modern roads and highways now fan out in all directions connecting all key areas.

Hotel, housing and industrial projects are springing up daily.

Because of this activity, Five Wheels of Grand Bahama Limited expects to make a substantial profit in its first year of operation.

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PRESIDENT'S REPORT TO SHAREHOLDERS



There are now many new facets to your Company's operations and a great deal of expansion underway in Canada and through our growing Grand Bahama-Caribbean interests. Highlights of the progress of our subsidiaries and "divisions" are dealt with later in this Annual Report. Looking at the overall picture, however, I believe I can say that never at any time in the past 12 years has the outlook for your Company appeared so bright. Our leasing division has expanded to 12 centres from coast to coast, and more are planned. Our move into the daily car rental field is proving profitable and we are extending this operation on a national scale. Our Grand Bahama venture, Five Wheels of Grand Bahama Ltd., is now in full swing and is developing even broader and more profitable lines than we originally expected. Another new enterprise on the island, Five Wheels Distributors of Grand Bahama Ltd., has recently been established, in which 35% interest is held by television and motion picture star Hugh O'Brien.

With all this expansion underway it is understandable that net earnings in the past year, our second

as a public company, cannot be regarded as indicative of the underlying growth of your Company. Organization and promotional costs re Grand Bahama were higher than in the previous year, but the primary reason for the decline in the earnings may be seen in the fact that we were able to add only 225 new units to the Five Wheels fleet during the year — because of the prolonged strikes in the auto industry in the latter part of last year. (By contrast, in the first half of this year we have added more than 150 new units and will probably double that or better by the year's end.)

The strikes held up new models, increased repair and maintenance costs, affected trade-in profits and meant a loss in new business. The entire leasing industry was hurt by these strikes. I can say, however, that the lost ground is now being fully recovered by your Company and I expect that 1965 will show an appreciable improvement in both volume and profit.

Your Company's working capital was sharply increased by some \$435,000 during the year, brought about by our decision to turn our investment portfolio into cash.

In the last year's Annual Report it was stated that consideration was being given to payment of a quarterly dividend. Because however, of the heavy commitments undertaken in the Grand Bahama developments and the expansion of our chain of leasing centres across Canada, your Board of Directors felt it would be in the best interests of your Company at this stage to forego the dividend and conserve our resources to take full advantage of the new opportunities becoming available to us here and in Grand Bahama.

It is, however, the intention of your Board to re-examine this dividend policy during the current year and a decision will be made on the basis of our financial position at that time.

THE FUTURE

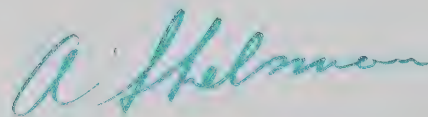
Steady increase in volume of business can be reported for the first five months of this year and prospects for your Company in 1965 and as far into the future as one can reasonably forecast, are excellent. We feel that we have now laid the basis for a marked improvement in earnings. There

is a marked upswing in the trend towards leasing vehicles as opposed to ownership, by both individuals and fleets. There is also a growing market in the field of truck leasing which we intend to exploit. We are confident that we have the strength, as the only Canadian publicly-owned coast-to-coast leasing firm, to compete successfully in all our fields of endeavour.

As for our Grand Bahama ventures, shareholders may anticipate very rapid growth. This island is under large-scale development in population, commerce and industry, and tourist traffic. Five Wheels of Grand Bahama, under the aggressive direction of its President, Mr. Robert Geddes, has acquired a highly skilled staff; an outstanding location in Freeport, Lucaya, the exclusive franchise for all General Motors products, and numerous other interests outlined elsewhere. We also look for good progress this year from Five Wheels Distributors of Grand Bahama Ltd. The spadework in these new enterprises is now largely completed. Sales and profits are the next order of business.

In all divisions, therefore, your Company moves ahead with confidence.

Respectfully submitted on behalf of the Board of Directors,



ALBERT SHELMAN,
President

June 10, 1965

A review of the progress of your Company's various divisions

LEASING OPERATIONS

The main business of your Company, whether it be in Canada or Grand Bahama, is the leasing and rental of motor vehicles.

In the past year our chain of operating outlets across Canada was expanded into several new centres and we now have 12 active locations in the following cities:

**Halifax, Moncton, Montreal, Ottawa,
Sudbury, Peterboro, Toronto, Winnipeg, Regina
Saskatoon, Edmonton and Vancouver.**

There has been a further increase in the number of Five Wheels vehicles under lease and at date of this report, your Company has approximately 1,200 vehicles in operation, compared with about 900 a year ago, exclusive of the daily rental division.

An enlarged new centre has been opened in Montreal with complete service facilities to take advantage of the growing lease and rental market now developing in the Province of Quebec.

Steps are being taken also to enter more vigorously into the truck leasing business, making available all types of such vehicles, from half-ton pick-ups to tractor-trailers.

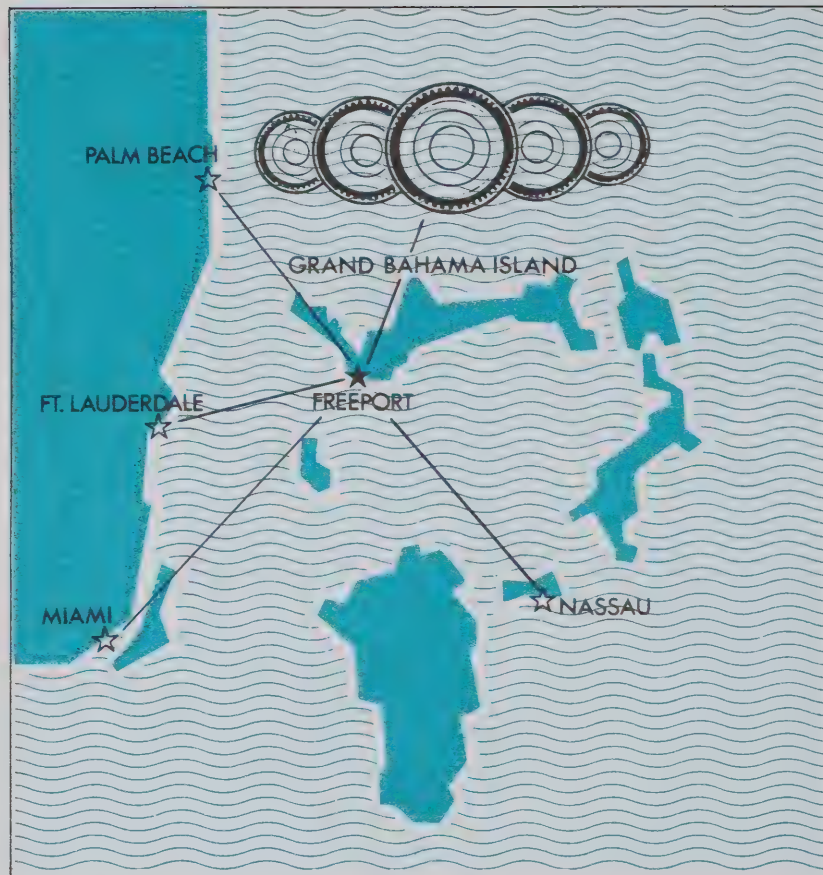


This is the head office and centre of the company's car leasing business, on Vaughan Rd., Toronto.

RENT-A-CAR-SYSTEM

Our first venture in the daily rent-a-car field in Leaside (Toronto) is proving quite successful and from this your Company is now expanding on a nationwide basis. This will be done through the establishment of combined daily rental and leasing agencies in every city and town where suitable locations can be found. Several of these new outlets have already been established and we expect many more this year. Both cars and trucks will be handled. We anticipate that as this new chain grows it will add substantially to your Company's revenue. The Leaside operation is pictured here, showing some of the trucks available for rental.





GRAND BAHAMA ISLAND

In the short space of 10 years, Grand Bahama Island, 35 minutes by air from Miami, Florida, has become one of the most popular islands of the Caribbean area. Not only is it a major tourist attraction with its gambling casinos, it is also becoming an important commercial, industrial and shipping centre. Hundreds of millions of dollars are being poured into the island for hotels, marinas, airports, industry, housing, road-building, harbour facilities and other major projects. There are now more than 132 miles of roads and the car population is increasing rapidly. It is expected that by 1966 there will be some 3,000 hotel rooms on the island, mostly in and around the Lucaya-Freeport area, where your company operates. Companies such as Gulf Oil, U.S. Steel (through a large cement plant), Syntex Corp. and others are located on the island, which, being on the Gulf Stream, is regarded as a "gateway" to development of trade throughout the Caribbean and with Canada, the U.S., Central and South America.

Your Company is fortunate in having an excellent location in the centre of Freeport, Lucaya. We are in on the "ground floor", so to speak, of one of the biggest developments in the entire Caribbean area.

FIVE WHEELS OF GRAND BAHAMA LIMITED



Pictured above is the beautiful display, sales and service centre of Five Wheels of Grand Bahama Ltd. in the heart of Freeport, Grand Bahama Island. New autobody shop may be seen at extreme left of photo. Below, the Five Wheels plane and radio-equipped Mobile Workshop at the Freeport airport. Five Wheels of Grand Bahama President Robert Geddes is in front of plane, which can carry payload to and from Miami in 35 minutes. Your company now has agency for three popular civilian planes in Caribbean and Central America territory.

Your Company's wholly-owned subsidiary on the island of Grand Bahama off the coast of Florida, formally opened for business last December 12th and is now very much a "going concern."

Our new building, centrally located in Freeport, Lucaya, is most attractive as well as convenient. Here the full line of General Motors and Frigidaire products are on display along with the numerous other lines in which we also hold exclusive franchises. These include Du-mont television, Emerson radio, Hercules Tires, Chris Craft pleasure boats, Johnson, West Bend and Chrysler outboard motors and marine products, Black & Decker power tools, Marquette automotive equipment and other popular products.

We are also in the airplane business, handling the Champion, Maule and Belanca makes. Indeed, Five Wheels has taken to the air itself with a plane of its own for service between the islands and to Miami. The company also maintains a radio equipped Mobile Workshop, prepared to make on-the-spot repairs to land, sea and air vehicles.



A new autobody repair shop has been opened behind the main building and the volume of business has already taxed it to capacity. The motor repair shop is also a busy place since the car population of the island has almost tripled in the past year and we have one of only two or three such shops on the island.

Shareholders will recall that your Company last year sold its interest in the Marina adjacent to the luxury Lucaya Beach Hotel for \$300,000 (U.S.) plus 3% royalties on gross receipts to a maximum of \$750,000. The new Marina opened for business in February this year and we anticipate that royalty payments to your Company will begin soon. In addition, your Company has the

use of six slips for a term of thirty years at no cost, and these slips are being used as an important sales and display outlet for a wide range of marine products.

CAR RENTAL SERVICE

Another lucrative business is being built up by Five Wheels of Grand Bahama in the car rentals field. We have about 50 cars now licensed and have taken steps to more than double this fleet. Some monthly leasing is done, but so far this is not a significant factor, although as the island grows it may become so.



This is the famed Marina at Lucaya Beach. Five Wheels, in addition to collecting royalties, also has use of six slips (at extreme right) for 30 years at no cost. This permits display of marine products, sales and service.



Motion picture and television star Hugh O'Brien and Five Wheels' President Albert Shelman shake hands after formation of new company, Five Wheels Distributors of Grand Bahama Ltd., in which Mr. O'Brien holds a 35% interest. Between them is Mr. Robert Geddes, President of your Company's subsidiary, Five Wheels of Grand Bahama Ltd., which holds the 65% interest in the new company. At left is Mr. Maxwell King, Vice-President and General Manager of Five Wheels. The new company will market the popular two and three wheeled Cushman vehicles throughout the Caribbean, and have just added the French Mobylette motor scooter which has become an instant "hit" on the island.

FIVE WHEELS DISTRIBUTORS OF GRAND BAHAMA LTD.

This new subsidiary company was formed last year in association with Mr. Hugh O'Brien, the television and motion picture star, who holds a 35% interest in the company. The 65% is owned by Five Wheels of Grand Bahama Ltd.

One of the most important products this company is handling is the famous Cushman line of three-wheeled vehicles, such as golf carts. These are becoming a very popular means of transportation on many of the Caribbean islands. On San Salvador, for example, they are

the only legal vehicles except for a small coastal area. We hold rights also for Nassau and Jamaica.

A new product just added is the French two-wheel scooter, Mobylette. This fast, easy-to-operate and most economical little vehicle has caught the fancy of Freeport residents and the local paper has reported that something of a "Mobylette craze" is developing.

The company is adding other products and interests and will operate throughout the whole Caribbean area and in some South and Central American countries.

FIVE WHEELS LIMITED

AND ITS WHOLLY OWNED SUBSIDIARIES

ASSETS	1964	1963
CURRENT ASSETS		
Accounts receivable (after allowance for doubtful accounts)	\$ 136,908	\$ 77,046
Notes receivable (note 1)	275,000	
Inventories at the lower of cost or market	128,441	43,107
Balance due on sale of Marina — current portion (note 2)	216,000	
Prepaid expenses and sundry assets	17,493	12,746
	<u>\$ 773,842</u>	<u>\$ 132,899</u>
BALANCE DUE ON SALE OF MARINA (note 2)	\$ 324,000	\$ 325,724
Less — Current portion included with current assets	216,000	
	<u>\$ 108,000</u>	<u>\$ 325,724</u>
INVESTMENTS — at cost		
Marketable securities (market value \$440,000)		\$ 500,000
Other	\$ 19,380	19,380
	<u>\$ 19,380</u>	<u>\$ 519,380</u>
LEASED MOTOR VEHICLES — at cost less accumulated depreciation of \$637,314; 1963 — \$407,534 (note 3)	\$2,711,323	\$2,134,247
FIXED ASSETS — including equipment and leasehold improvements at cost or appraised value less accumulated depreciation of \$26,245; 1963 — \$24,989 (note 4)	\$ 193,508	\$ 56,887
ESTABLISHMENT ACCOUNT (note 5)	\$ 97,002	\$ 45,000
ORGANIZATION AND FINANCING EXPENSES	\$ 31,477	\$ 30,576
TOTAL ASSETS	\$3,934,532	\$3,244,713

Approved on behalf of the Board: A. SHELMAN, Director

MAXWELL S. KING, Director

AUDITORS' REPORT TO THE SHAREHOLDERS

We have reviewed the consolidated balance sheet of Five Wheels Limited and its wholly owned subsidiaries as at December 31, 1964 and the consolidated statement of operations and retained earnings for the year ended on that date including an examination of the reports of other independent public accountants and other supporting evidence as we considered necessary in the circumstances.

In our opinion, based on our examination and on the reports of other independent public accountants, we concur with the opinion of E. M. Sprackman, Siderson and Company set forth herein.

Respectfully submitted,

"PERLMUTTER, ORENSTEIN, GIDDENS, NEWMAN & KOFMAN"
Chartered Accountants.

Toronto, May 3, 1965.

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 1964 WITH 1963 COMPARISONS

LIABILITIES	1964	1963
CURRENT LIABILITIES		
Bank indebtedness (note 6)	\$ 119,699	\$ 118,292
Accounts payable and sundry liabilities	334,667	102,570
Dividends payable		15,208
Due to director		11,793
	<u>\$ 454,366</u>	<u>\$ 247,863</u>
BALANCE DUE ON LEASED MOTOR VEHICLES (note 7)	1,967,315	1,576,721
	<u>1,967,315</u>	<u>1,576,721</u>
TOTAL LIABILITIES	<u>\$2,421,681</u>	<u>\$1,824,584</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 8)		
Common shares		
Authorized — 1,500,000 shares without par value		
Issued and fully paid — 800,000 shares	\$1,010,006	\$1,010,006
RETAINED EARNINGS	463,929	410,123
EXCESS OF APPRAISED VALUE OF LEASEHOLD IMPROVEMENTS OVER COST (note 4)	38,916	
	<u>\$1,512,851</u>	<u>\$1,420,129</u>
	<u>\$3,934,532</u>	<u>\$3,244,713</u>

The accompanying notes to financial statements form an integral part of this consolidated balance sheet and should be read in conjunction therewith.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Five Wheels Limited and its wholly owned subsidiaries as at December 31, 1964 and the consolidated statement of operations and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The accounts of certain branch operations and of the Company's wholly owned subsidiary, Five Wheels of Grand Bahama Limited were examined by other independent public accountants upon whose reports we have relied.

In our opinion, based on our examination and on the reports of the independent public accountants referred to above, the accompanying consolidated balance sheet and related consolidated statement of operations and retained earnings present fairly the financial position of the Company and their wholly owned subsidiaries as at December 31, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

"E. M. SPRACKMAN, SIDERSON AND COMPANY"

Chartered Accountants.

Toronto, May 3, 1965.

FIVE WHEELS LIMITED

AND ITS WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1964 WITH 1963 COMPARISONS

	1964	1963
Profit from operations before providing for the undernoted items:	\$752,717	\$546,534
Depreciation	\$560,054	\$378,692
Finance charges	131,430	80,167
	\$691,484	\$458,859
Net Profit	\$ 61,233	\$ 87,675
Retained earnings — January 1	410,123	357,247
	\$471,356	\$444,922
Less — Adjustment of prior years' income	\$ 7,427	(\$ 10,201)
— Dividends		45,000
	\$ 7,427	\$ 34,799
Retained earnings — December 31	\$463,929	\$410,123

The accompanying notes to financial statements form an integral part of this consolidated statement and should be read in conjunction therewith.

FIVE WHEELS LIMITED

AND ITS WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1964

1. NOTES RECEIVABLE — \$275,000

These notes bear interest at 4% per annum and are due as follows:

April 30, 1965	\$ 75,000
September 30, 1965	200,000

2. DUE ON SALE OF MARINA \$324,000

Less — Current portion 216,000

\$108,000

During the year the Company sold its interest in a Marina in the Freeport area of Grand Bahama Island for a consideration of \$324,000 (U.S. funds \$300,000) payable together with interest at 6% per annum as follows:

May 1, 1965	\$108,000
December 1, 1965	108,000
March 1, 1966	108,000

As further consideration for the sale of the Marina, the Company has the right to receive 3% of the gross receipts from the operation of the Marina for a period of thirty years. The purchaser may at any time terminate its obligation for the payment of the aforesaid by paying to the Company \$750,000 U.S. funds less any percentage payments made to date of such termination.

3. DEPRECIATION ON LEASED MOTOR VEHICLES

It is the Company's policy to claim capital cost allowance on leased motor vehicles in accordance with provisions of the Income Tax Act which amount may differ from depreciation recorded in the accounts. Depreciation recorded in the accounts is based upon the Company's experience which results in the book value of motor vehicles approximating market value. The accumulated capital cost allowance claimed and proposed to be claimed for income tax purposes exceeds depreciation recorded in the accounts by approximately \$616,000 to December 31, 1964.

4. FIXED ASSETS — \$193,508

Fixed assets have been stated at cost with the exception of those leasehold improvements being a service centre on Grand Bahama Island, the major portion of which was constructed by the Company and which has been shown in these statements at an appraised value of £35,000 (Canadian funds \$105,000). The valuation was made on the basis of the cost of construction by an outside contractor.

5. ESTABLISHMENT ACCOUNT — \$97,002

This amount represents the cost of expanding the Company's operations throughout Canada and the operations of its subsidiary, Five Wheels of Grand Bahama Limited. Most of the amount expended during the year was on account of the service centre and automobile dealership on Grand Bahama Island which opened on December 12, 1964.

6. BANK INDEBTEDNESS — \$119,699

This amount is secured by a registered assignment of book debts.

7. BALANCE DUE ON LEASED MOTOR VEHICLES — \$1,967,315

This amount is secured by individual sales contracts bearing an effective finance rate varying from 7¾% to 9% per annum and represents liens against the individual motor vehicles leased by the Company. Monthly payments are made on these contracts from the proceeds of the monthly rental revenues, and the final payment on each contract is made when the vehicles are sold. Maximum payments required to be made on these contracts during the twelve months ending December 31, 1965 amount to approximately \$834,000.

8. SUPPLEMENTARY LETTERS PATENT

On July 10, 1964 the Company obtained Supplementary Letters Patent increasing its authorized share capital to 1,500,000 common shares without par value not to exceed in amount or value the sum of \$4,500,000.

9. LEASE COMMITMENTS

Annual rentals payable under leases in effect as at December 31, 1964 exclusive of occupancy charges for taxes, heat, etc. are as follows:

From January 1, 1965 to 1969 inclusive \$30,840

From January 1, 1970 to 2064 inclusive 3,426

10. REMUNERATION OF DIRECTORS AND OFFICERS

\$38,045 was paid as remuneration to executive officers and directors during the year.

